

# FISCAL NOTE

## HB 20 - SB 413

February 19, 2003

**SUMMARY OF BILL:** Enacts the *State Neutrality in Labor Organizing Act* to prohibit the use of state funds for the assistance, promotion, or deterrence of a labor organization which:

- specifically forbids state contractors and recipients of state grant funds, as well as employers conducting business on state property pursuant to any state contract or agreement, from using state funds in violation of this act. Every request for reimbursement from state funds by a state contractor or a recipient of state grant funds shall include certification that such person is not seeking reimbursement for costs incurred to assist, promote or deter union organizing. State contracts must include language prohibiting such use of state funds.
- provides that this act would not apply to activities performed, or expenses incurred, in connection with the following:
  1. addressing a grievance or negotiating or administering a collective bargaining agreement;
  2. allowing a labor organization or its representatives access to the employer's facilities or property;
  3. taking any action required by federal or state law, or by a collective bargaining agreement; and
  4. negotiating, entering into, or carrying out a voluntary recognition agreement with a labor organization.
- provides that this act would also *not* apply to (a) a fixed-price contract or to any other arrangement by which the amount of the payment of state funds does not depend on the costs incurred by the state contractor or (b) to a grant or contract awarded prior to July 1, 2003, unless the grant or contract is modified, extended or renewed after July 1, 2003.
- provides that the Department of General Services shall enforce this act and promulgate such regulations as are necessary to implement and administer compliance. A civil suit for violation of this act may be brought by the Attorney General's office or by any state taxpayer on behalf of the people of the state, for injunctive relief, damages, civil penalties, and other appropriate relief. All damages collected shall be paid to the state treasury. Prior to filing an action, a taxpayer is required to give notice to the Department of General Services regarding the alleged violation and the

intent to bring suit. Any taxpayer who makes a significant contribution to an action or prevails in their suit could recover reasonable attorney's fees and cost. A state contractor or employee who violates the provisions of this act shall be liable to the state for a civil penalty equal to triple the amount of any funds utilized to assist, promote, or deter a union organization.

## **ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - Exceeds \$100,000**

**Increase State Revenues - Not Significant**

Estimate assumes:

- An increase in state expenditures to the Department of General Services for additional staff and related expenses to conduct investigations and prepare records relative to possible violations in order to administer compliance with the provisions of the bill.
- The Department of Finance and Administration estimates additional staff time will be needed for employees to review all invoices to determine if the appropriate certification has been included, contact non-compliant contractors, and reprocess invoices resubmitted by those contractors. There would also be minimal expenses involved in redrafting contract and grant language.
- A not significant increase in state revenues due to civil penalties assessed and collected against a state contractor or employee who violates this act.

## **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director